

**TENNESSEE DEPARTMENT OF REVENUE, TAXPAYER SERVICES DIVISION**  
**TOBACCO STAMPS SPECIFICATIONS**

**Specifications**

Stamp Type	Average yearly usage	Years	Total Est. Quantity
Type A	450,000,000 stamps	5	75,000 rolls
Type B	6,000,000 stamps	5	4,200 rolls
Type C	1,500,000 stamps	5	5,000 pads

\*\*Please note: Type B quantity Total Est. Quantity is a rounded off to the nearest hundred.

**Quality and Type**

The contractor agrees to manufacture and provide to the State, over the term of the contract, up to two billion, three hundred million (2,300,000,000 rounded)) cigarette tax stamps, hereinafter referred to as “stamps,” that strictly meet all the requirements outlined herein. The contractor shall print stamps of the following three types to the sole satisfaction of the State.

- **Heat applied tobacco tax stamps** in rolls of 30,000 stamps per roll (Type A). Each stamp is to be applied on a pack of 20 cigarettes.
- **Heat applied tobacco tax stamps** in rolls of 7,200 stamps per roll (Type B). Each stamp is to be applied on a pack of 20 cigarettes.
- **Peel and stick tobacco tax stamps** in sheets of 150 stamps per sheet in a pad of 10 sheets per pad (Type C). Each stamp is to be applied on a pack of 20 cigarettes.

**Use and Function**

Stamps are purchased from the Department of Revenue to be applied by licensed tobacco manufacturers or wholesalers on each package of cigarettes shipped into or sold in Tennessee to show that the tax has been remitted.

**Transfer Specifications**

Except for Type C, all stamps and roll designs shall allow for high speed transfer of stamps from the roll to the cigarette pack. “High speed transfer” means application of stamps to at least fifty (50) cartons per minute while maintaining a successful transfer rate of 90% or better. Stamps that are heat applied shall be compatible with Red Stamp and Meyercord Equipment branded application machines as well as any other machines currently used by those applying Tennessee heat applied cigarette tax stamps.

All paper shall be processed with a specialty tint reading. When exposed to ultraviolet long wave light the safety tint shall produce fluorescent color(s).

**Printing Specifications**

Stamps shall measure approximately half an inch by half an inch ( $\frac{1}{2}$ " x  $\frac{1}{2}$ " ) and shall be of irregular shape and outline. Irregular shape shall be defined as something without a box type straight lines that would be easy to duplicate. Spacing of stamps on paper must, based on denomination and layout, result in stamps being approximately centered on the top or bottom of each cigarette pack when applied. Stamps shall be of such design, material, and print that prohibits duplication and counterfeiting. Stamps shall use a minimum combination of at least five (5) covert, semi-coverts, and overt security features, with at least one (1) of each feature incorporated.

Stamp layout for Type A is 15 stamps across per roll, Type B is 15 stamps across per roll, and Type C is 10 stamps across per sheet.

**Stock**

Stamps shall be of such design and material as to allow for a properly applied stamp to adhere to any receiving surface (i.e. cellophane, polypropylene) of a pack of cigarettes and to remain fully adhered, intact, and legible for a minimum of two (2) years from the date the stamp is shipped by the contractor to the State.

**Text and Content**

Stamps shall possess a unique forensic identifier that is specific to the State of Tennessee. Stamps shall contain the State's initials (TN) and use a variable image feature for easy identification by State personnel. The variable image feature shall change color and luster when viewed at different angles and shall produce fluorescent color(s) when exposed to ultraviolet light.

Stamps shall contain a minimum of three different and visually distinctive colors. Shades, tints, or tones of a color shall not be acceptable and shall not be considered as separate and distinctive colors.

Each stamp shall contain at a minimum a five (5) character numeric code that reads clearly on the face of each stamp. The numbers on each roll of stamps shall be the same but the numbers shall not appear on duplicate rolls within a thirty-six month period.

The contractor must receive written approval of all stamp specifications, as described herein, from the State prior to stamp production.

**Security Measures & Requirements**

Any plates, designs, patterns, films, etc. when not in use by the contractor of these stamps, shall be locked in a safe or vault. The contractor **shall not** provide stamps, stamp specifications, or stamp samples to any individual or agency, other than the State or its authorized distributors, without the written consent of the State.

The contractor shall provide a separate, confidential statement to the Commissioner of the Department of Revenue, detailing fully the contractor's system for the protection of the State against unlawful reproduction, the methods by which such reproduction can be detected by inspectors of the State, and the precautions that the contractor commits to observe to protect the State against unlawful production of stamps.

Contractor shall immediately notify the State if the contractor becomes aware or suspects that stamps have been stolen or are being counterfeited.

**Labeling and Packaging Instructions**

Each roll, pad, and box shall be clearly labeled with the phrase "State of Tennessee," the denomination of the stamp, the roll, pad, or sheet number, the contractor's phone number, a phone number provided by the State, and any other information that the State requires.

If different specifications are not provided by the State, such product labels shall be formatted in a manner consistent with the following example:

STATE OF TENNESSEE  
20 Cigarette  
Roll Number: 12345  
If Found Call: (555) 555-5555 or (615) 741-3580

Sheets shall be stapled or bound in pads of ten (10) sheets each, packed twenty (20) pads to a suitable cardboard box. Rolls shall have a non-collapsible hardcore center (or something acceptable to the State) to allow the rolls to be easily installed onto application machines and to help prevent rolls from collapsing into the center core.

Rolls and sheets shall be printed and packaged to facilitate inventory control. Not more than one denomination or type of stamp shall be packed in the same box or shipping carton/case.

Shipping carton/cases shall be of sufficient strength to allow full and partially filled cartons/cases to be stacked five (5) high without causing damage to the carton/case or its contents. All boxes and shipping containers shall be securely sealed and clearly labeled. The label shall be protected from damage and moisture. The labels shall show the words "State of Tennessee" and the exact contents to include: units, denomination, item number, case quantity, beginning and ending stamp numbers, the number of cases in the shipment, and any other information that the State requires.

If different specifications are not provided by the State, such shipping labels shall be formatted in a manner consistent with the following instructions:

STATE OF TENNESSEE  
20 Cigarette / 10 Sheets  
Item No: 12345  
Case Qty: 125  
Start No: 0001 End No: 1,500  
If Found Call: (555) 555-5555 or (615) 741-3580

Pallets containing more than one stamp type or denomination shall be clearly identified and labeled. Boxes of stamps delivered to the State shall be placed on pallets in numeric sequence with the lowest number box on the bottom layer and with the highest number box on top.

**Delivery and Method**

Upon receiving a purchase order from the State, the contractor shall print and ship the stamps requested in the purchase order within thirty (30) days of the date of the order. Provided, however, that the contractor shall have an additional thirty (30) days to fill any purchase orders larger than two hundred and twenty cases (a case being 25 single rolls of Type A or a case being 49 single rolls of B) of stamps or a box of twenty (20) pads of Type C stamps.

All deliveries shall be commenced and completed during the State of Tennessee's working hours of 8:00 a.m. CST thru 4:30 p.m. CST, Monday through Friday. No deliveries shall be made on State holidays.

All shipments shall be made through a bonded carrier and shall be insured and prepaid by the contractor. The contractor shall be responsible for safe and proper delivery.

Shipments shall be delivered to:

Tennessee Department of Revenue  
Taxpayer Services Division  
Ground Floor – Andrew Jackson State Office Building  
500 Deaderick Street  
Nashville, TN 37242

The contractor shall ensure delivery to the State's vault via the loading dock in the Andrew Jackson Building. No personnel from the State shall handle any package until it is placed into the vault.

Revenue delivery contacts:  
Kelly Emerson – (615) 253-0690  
Colleen Swinney – (615) 741-7722  
Alaina Turner – (615) 253-0625

**Unshipped Stamps**

Any ordered and unshipped stamps being held by the contractor against the contract at the expiration date may be invoiced to the State and payment shall be made according to customary State procedures. Disposition instructions for unused/unshipped stamps shall be issued by the State and confirmed by the contractor in writing.

**Spoilage and Obsolescence**

Spoiled rolls/sheets shall be identified (tracked) as "not in circulation." The contractor shall supply the State with a listing of missing serial numbers and those "not in circulation" with each shipment. Spoiled or no longer used stamp-printing materials, paper and stamps shall be destroyed in the presence of two (2) witnesses upon direction of the State, and the contractor shall surrender an affidavit to the State attesting to the destruction of said stamps/materials.